



October 14, 2022

**Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending May 31, 2023
(Three Months Ended August 31, 2022)**

[Japanese GAAP]

Company name: SERIO HOLDINGS CO., LTD. Listing: Tokyo Stock Exchange
 Securities code: 6567 URL: <https://www.serio-holdings.co.jp/>
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 Scheduled date of filing of Quarterly Report: October 14, 2022
 Scheduled date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending May 31, 2023
(June 1, 2022 – August 31, 2022)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Aug. 31, 2022	2,440	5.2	12	(83.3)	17	(76.7)	11	(75.1)
Three months ended Aug. 31, 2021	2,320	12.1	74	(46.5)	74	(48.0)	46	(49.6)

Note: Comprehensive income Three months ended Aug. 31, 2022: 11 million yen (down 75.1%)
 Three months ended Aug. 31, 2021: 46 million yen (down 49.6%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended Aug. 31, 2022	1.82		-	
Three months ended Aug. 31, 2021	7.31		-	

Note: Diluted earnings per share are not shown because there were no dilutive common stock equivalents.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Aug. 31, 2022	4,552		2,029		44.6	
As of May 31, 2022	4,627		2,062		44.6	

Reference: Shareholders' equity As of Aug. 31, 2022: 2,029 million yen As of May 31, 2022: 2,062 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended May 31, 2022	Yen -	Yen 0.00	Yen -	Yen 7.00	Yen 7.00
Fiscal year ending May 31, 2023	-	-	-	-	-
Fiscal year ending May 31, 2023 (forecast)	-	0.00	-	7.00	7.00

Note: Revision to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending May 31, 2023 (June 1, 2022 – May 31, 2023)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	9,640	5.6	300	28.5	300	10.2	195	12.4	30.85

Note: Revision to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

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|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | None |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

(4) Number of issued shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Aug. 31, 2022	6,329,400 shares	As of May 31, 2022	6,329,400 shares
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2) Number of treasury shares at the end of the period

As of Aug. 31, 2022:	8,627 shares	As of May 31, 2022:	8,627 shares
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3) Average number of shares during the period

Three months ended Aug. 31, 2022:	6,320,773 shares	Three months ended Aug. 31, 2021:	6,315,379 shares
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* The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts and other special items

Cautionary statement with respect to forward-looking statements

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the SERIO Holdings management at the time the materials were prepared, but are not promises by SERIO Holdings regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to page 4 “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” for forecast assumptions and notes of caution for usage.

How to view supplementary materials for quarterly financial results

Supplementary materials for the quarterly financial results will be disclosed today (October 14, 2022), using the Timely Disclosure network (TDnet).

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1. Qualitative Information on Quarterly Consolidated Financial Performance

Forward-looking statements are based on the judgments of the SERIO Holdings Group (SERIO Holdings and its consolidated subsidiaries) as of August 31, 2022.

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year (June 1 to August 31, 2022), the outlook for the business climate of the SERIO Holdings Group remained unclear because of a rapid increase in COVID-19 cases, rising prices of raw materials and energy, and other reasons.

Dramatic changes involving children and households in Japan are occurring, notably the decline in the number of marriages, increasing pace of families with few children, and reluctance of people to send children to a nursery school because of the pandemic. The Japanese government announced a New Child-raising Confidence Plan that has the goal of establishing an infrastructure of nursery schools for approximately 140,000 children by the end of 2024. The government's commitment to creating an environment conducive to child-rearing has strengthened following the cabinet's decision to create the Children and Families Agency in April 2023.

During the first quarter, we continued to take actions aimed at creating jobs in order to provide an even larger number of people with opportunities to work while caring for children. We are continuing to strengthen the infrastructures for the after-school day-care and nursery school businesses in order to increase the number of facilities in regions of Japan where demand for child-raising support services is strong.

Sales increased because of the sales at nursery schools opened in April 2022 and an increase in the number of children at existing nursery schools. Operating profit decreased. One reason is higher personnel expenses resulting from activities to add many children at nursery schools during the current fiscal year. An increase in the head office workforce in preparation for the adding more after-school day-care facilities and nursery schools during the next several years also held down earnings.

As a result, net sales increased 5.2% year on year to 2,440 million yen. Operating profit was 12 million yen, down 83.3% and ordinary profit was 17 million yen, a decrease of 76.7%. Profit attributable to owners of parent decreased 75.1% to 11 million yen.

Business segment performance was as follows.

1) Employment assistance

As a company dedicated to enabling people to continue working while caring for a family, we are making it possible for more women to work in a way that matches each stage of their lives. We submit proposals to companies in a variety of industries for personnel support that makes it possible to reduce expenses by using people in the most productive ways possible.

Sales decreased because of a large number of people who were unable to do their jobs at call centers during July and August because of the decline in working hours due to a large number of absences caused by illnesses. Earnings were lower because of the downturn in sales.

As a result, net sales of this business were 661 million yen, down 6.0% year on year, and segment profit was 21 million yen, a decrease of 43.4%.

2) After-school day care

We are continuing to operate after-school day-care facilities while strictly following the pandemic safety guidelines in order to allow people to use these facilities with confidence. Although some locations temporarily suspended operations because of an upturn in COVID-19 cases, the effect of these suspensions on the performance and earnings of this segment was negligible. Now, number of events and activities we hold are gradually returning to the pre-pandemic level as we operate our after-school day-care facilities in a manner that makes children feel at ease and want to continue to attend.

The number of after-school day-care facilities operated by the SERIO Group at the end of August 2022 was 133 for public facilities (operated for local governments), 10 for private elementary schools and one in the private sector, a total of 144.

Although the number of locations in this segment is the same as at the end of the previous fiscal year, sales increased due to the ability to base fees for facilities operated for local governments on the cost of operations. Earnings were down because of higher recruiting expenses for personnel required during the elementary school summer vacation period and increases in the head office workforce and recruiting expenses for strengthening operations from a medium-term perspective.

As a result, net sales of this business were 765 million yen, up 2.3% year on year, and segment profit was 13 million yen, a decrease of 50.8%.

3) Nursery schools

Although some nursery schools closed temporarily or cancelled some classes because of the pandemic, operations are gradually returning to normal. We continued operating nursery schools while taking numerous actions to protect children and instructors from infections in accordance with government guidelines.

As of April 1, 2022, there were 2,944 preschool children in Japan who were waiting for a nursery school opening. This is a decrease of 2,690 from one year earlier. Demand for nursery schools is expected to remain strong because of the increasing workforce participation rate of women. Currently, 50.9% of preschool children in Japan are using a nursery school or other care facility, 1.5 percentage point higher than one year earlier.

The number of children using a SERIO Holdings Group facility is continuing to increase. At the end of the first quarter, there were 26 certified nursery schools, 11 small certified nursery schools, three nursery schools for companies, and two community child development support facilities, a total of 42 locations. Although the number of facilities in this segment did not change during the first quarter, preparations are under way to start opening new locations in April 2023.

SERIO Garden Co., Ltd., which operates a greenery business for nursery schools and other schools, plans to place greenery at 20 locations during the fiscal year ending in May 2023. With orders that include a large project for a high school athletic field, this company is growing steadily.

Sales benefited from the increasing number of children at nursery schools newly opened in places where there is not enough nursery school capacity to meet demand. An increase in the number of children at existing locations also contributed to strong sales growth. Earnings decreased mainly because of higher personnel expenses in order to significantly increase the number of children in nursery schools during the current fiscal year, higher expenses for raising the head office workforce for the medium-term strengthening of the infrastructure for business operations, and an increase in selling, general and administrative expenses at SERIO Garden.

As a result, net sales of this business were 1,014 million yen, up 16.8% year on year, and segment profit was 22 million yen, a decrease of 54.8%.

(2) Explanation of Financial Position

Assets

Total assets at the end of the first quarter decreased 74 million yen from the end of the previous fiscal year to 4,552 million yen. This was mainly due to decreases of 158 million yen in cash and deposits and 10 million yen in deferred tax assets, while there were increases of 58 million yen in accounts receivable-trade and contract assets and 19 million yen in prepaid expenses.

Liabilities

Total liabilities at the end of the first quarter decreased 42 million yen from the end of the previous fiscal year to 2,523 million yen. This was mainly due to decreases of 95 million yen in accrued expenses, 31 million yen in deposits received and 28 million yen in income taxes payable, while there were increases of 118 million yen in provision for bonuses and 11 million yen in accrued consumption taxes.

Net assets

Total net assets at the end of the first quarter decreased 32 million yen from the end of the previous fiscal year to 2,029 million yen. This was mainly due to an increase of 11 million yen in retained earnings resulting from profit

attributable to owners of parent and a decrease of 44 million yen in retained earnings due to payment of dividends.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the fiscal year consolidated forecast announced on July 14, 2022 in “Summary of Consolidated Financial Results for the Fiscal Year Ended May 31, 2022.” At this time, we believe that the pandemic will not have a significant negative effect on business operations and sales and earnings.

The consolidated forecast is based on assumption judged to be valid and information available when the forecast was announced. Actual results may differ from the forecasts for a number of reasons.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY5/22 (As of May 31, 2022)	First quarter of FY5/23 (As of Aug. 31, 2022)
Assets		
Current assets		
Cash and deposits	1,869,535	1,711,504
Accounts receivable-trade and contract assets	667,720	726,342
Prepaid expenses	102,867	122,207
Accounts receivable-other	11,990	14,525
Other	24,101	22,172
Allowance for doubtful accounts	(562)	(676)
Total current assets	2,675,652	2,596,076
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,178,613	1,157,547
Tools, furniture and fixtures, net	63,975	70,348
Land	161,735	161,735
Leased assets, net	2,680	2,479
Construction in progress	14,374	27,051
Total property, plant and equipment	1,421,378	1,419,160
Intangible assets		
Right to use facilities	10,583	10,343
Software	6,697	5,393
Leased assets	4,202	3,349
Other	1,007	976
Total intangible assets	22,490	20,063
Investments and other assets		
Investments in capital	10	10
Guarantee deposits	187,027	193,850
Long-term prepaid expenses	64,930	63,316
Deferred tax assets	53,689	64,024
Insurance funds	35,674	35,674
Construction assistance fund receivables	120,903	119,179
Other	45,783	41,359
Total investments and other assets	508,017	517,413
Total non-current assets	1,951,886	1,956,637
Total assets	4,627,539	4,552,713

	(Thousands of yen)	
	FY5/22 (As of May 31, 2022)	First quarter of FY5/23 (As of Aug. 31, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	11,455	11,728
Current portion of long-term borrowings	98,064	98,064
Lease liabilities	5,264	3,903
Accounts payable-other	81,009	90,816
Accounts payable for equipment investment	12,053	8,291
Dividends payable	-	1,908
Accrued expenses	689,170	593,258
Income taxes payable	46,383	17,822
Accrued consumption taxes	85,475	97,221
Contract liabilities	202,755	204,772
Deposits received	157,203	125,488
Provision for bonuses	-	118,240
Total current liabilities	1,388,834	1,371,515
Non-current liabilities		
Long-term borrowings	912,272	887,756
Lease liabilities	2,918	2,441
Asset retirement obligations	261,322	261,543
Total non-current liabilities	1,176,513	1,151,740
Total liabilities	2,565,348	2,523,255
Net assets		
Shareholders' equity		
Share capital	693,263	693,263
Capital surplus	671,753	671,753
Retained earnings	703,946	671,213
Treasury shares	(6,772)	(6,772)
Total shareholders' equity	2,062,190	2,029,458
Total net assets	2,062,190	2,029,458
Total liabilities and net assets	4,627,539	4,552,713

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Three-month Period)**

	(Thousands of yen)	
	First three months of FY5/22 (Jun. 1, 2021 – Aug. 31, 2021)	First three months of FY5/23 (Jun. 1, 2022 – Aug. 31, 2022)
Net sales	2,320,626	2,440,899
Cost of sales	1,909,769	2,060,401
Gross profit	410,856	380,498
Selling, general and administrative expenses	336,066	367,991
Operating profit	74,790	12,507
Non-operating income		
Interest income	8	7
Subsidy income	850	6,229
Miscellaneous income	980	751
Total non-operating income	1,839	6,989
Non-operating expenses		
Interest expenses	2,170	2,178
Miscellaneous losses	3	0
Total non-operating expenses	2,174	2,178
Ordinary profit	74,455	17,318
Extraordinary losses		
Loss on retirement of non-current assets	-	613
Total extraordinary losses	-	613
Profit before income taxes	74,455	16,705
Income taxes-current	15,601	15,527
Income taxes-deferred	12,675	(10,335)
Total income taxes	28,277	5,192
Profit	46,178	11,512
Profit attributable to owners of parent	46,178	11,512

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

	(Thousands of yen)	
	First three months of FY5/22 (Jun. 1, 2021 – Aug. 31, 2021)	First three months of FY5/23 (Jun. 1, 2022 – Aug. 31, 2022)
Profit	46,178	11,512
Comprehensive income	46,178	11,512
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	46,178	11,512

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

I. First three months of FY5/22 (Jun. 1, 2021 – Aug. 31, 2021)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Employment assistance	After-school day care	Nursery schools	Total		
Net sales						
External sales	703,602	748,469	868,554	2,320,626	-	2,320,626
Inter-segment sales and transfers	-	-	-	-	-	-
Total	703,602	748,469	868,554	2,320,626	-	2,320,626
Segment profit	37,587	28,414	49,025	115,027	(40,237)	74,790

Notes: 1. The negative adjustment of 40,237 thousand yen to segment profit is mainly selling, general and administrative expenses that cannot be attributed to any reportable segments.

2. Segment profit is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

II. First three months of FY5/23 (Jun. 1, 2022 – Aug. 31, 2022)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Employment assistance	After-school day care	Nursery schools	Total		
Net sales						
External sales	661,423	765,429	1,014,047	2,440,899	-	2,440,899
Inter-segment sales and transfers	-	-	-	-	-	-
Total	661,423	765,429	1,014,047	2,440,899	-	2,440,899
Segment profit	21,272	13,990	22,161	57,424	(44,917)	12,507

Notes: 1. The negative adjustment of 44,917 thousand yen to segment profit is mainly selling, general and administrative expenses that cannot be attributed to any reportable segments.

2. Segment profit is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.